

## Highlights of 2003 Chaptered Legislation

### I. DFI-Sponsored Bills

AB 1355 (Wiggins) Chapter 445	<b>Financial institutions.</b> This bill would authorize the Department of Financial Institutions to impose moderate civil money penalties for acts that violate certain provisions of the Financial Code using a 3-tiered penalty amount subject to specific findings and certain conduct standards.  <a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1351-1400/ab_1355_bill_20030922_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1351-1400/ab_1355_bill_20030922_chaptered.pdf</a>
AB 1774 (Committee on Banking and Finance) Chapter 404	<b>Financial Institutions.</b> This bill would make various clean up changes to certain sections of the Financial Code as administered by the department.  <a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1774_bill_20030917_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1774_bill_20030917_chaptered.pdf</a>
AB 1775 (Committee on Banking and Finance) Chapter 456	<b>Money Transmitters.</b> This bill would increase shareholders' equity for a Transmitter of Money Abroad from \$250,000 to \$500,000.  <a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1775_bill_20030922_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1775_bill_20030922_chaptered.pdf</a>

### II. Other Bills

#### *Business Entities*

AB 1705 (Florez) Chapter 585	<b>Trustees: Distributions: Liability.</b> This bill would prohibit a trustee from requiring a beneficiary to relieve the trustee of liability as a condition for making a distribution or payment to, or for the benefit of the beneficiary, if the distribution or payment is required by the trust instrument. The bill would provide that its provisions may not be construed as affecting the trustee's right to take specified actions.  <a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1701-1750/ab_1705_bill_20030929_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1701-1750/ab_1705_bill_20030929_chaptered.pdf</a>
SB 523 (Escutia) Chapter 477	<b>Corporate liability.</b> This bill would make a corporation and a limited liability company liable for civil penalties up to \$1,000,000 in an action brought by the Attorney General or a district attorney or city attorney if the corporation or limited liability company has knowledge of certain acts and fails to notify the Attorney General or the appropriate government agency and shareholders or investors.  <a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0501-0550/sb_523_bill_20030922_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0501-0550/sb_523_bill_20030922_chaptered.pdf</a>

## *Civil Procedure*

AB 309 (Chu) Chapter 330	<p><b>Contracts: foreign languages.</b> Existing law requires a person in a trade or business who negotiates specified contracts or agreements primarily in the Spanish language to deliver to the other party prior to execution thereof, a Spanish language translation of the contract or agreement, except as specified. Failure to comply entitles the aggrieved party to rescind the contract or agreement. This bill would, on July 1, 2004, extend these provisions to the foreign languages of Chinese, Tagalog, Vietnamese, and Korean, in addition to the Spanish language.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0301-0350/ab_309_bill_20030908_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0301-0350/ab_309_bill_20030908_chaptered.pdf</a></p>
AB 690 (Pacheco) Chapter 110	<p><b>Garnishment: execution and attachment liens.</b> This bill would provide for an alternative method of attachment by the levying officer, by personal service of the writ and notice of attachment on a centralized location within the county designated by the financial institution. The bill would also provide that if the writ is received at the designated central location, it shall apply to all deposit accounts held by the financial institution regardless of the location of that property.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0651-0700/ab_690_bill_20030724_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0651-0700/ab_690_bill_20030724_chaptered.pdf</a></p>
SB 146 (Escutia) Chapter 589	<p><b>Contracts: Spanish translation.</b> Existing law requires a person in a trade or business who negotiates specified contracts or agreements primarily in the Spanish language to deliver to the other party prior to execution thereof, a Spanish-language translation of the contract or agreement, except as specified. Failure to comply entitles the aggrieved party to rescind the contract agreement. This bill would provide that this translation is required to include a translation of every term and condition in that contract or agreement, with specified exceptions.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0101-0150/sb_146_bill_20030929_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0101-0150/sb_146_bill_20030929_chaptered.pdf</a></p>

## *Financial Institutions & Financial Services*

AB 169 (Chavez) Chapter 163	<p><b>Finance Lending.</b> Existing law, the California Finance Lenders Law, provides for regulation by the Department of Corporations of finance lenders engaged in the business of making consumer or commercial loans. Existing law exempts certain persons from the provisions regulating finance lenders. This bill would define a venture capital company, an operating company, and a commercial bridge loan. The bill would exempt from these provisions a commercial bridge loan made by a venture capital company to an operating company.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0151-0200/ab_169_bill_20030802_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0151-0200/ab_169_bill_20030802_chaptered.pdf</a></p>
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***Financial Institutions & Financial Services (continued)***

<p>AB 479 (Maldonado) Chapter 382</p>	<p><b>Escrow Agents.</b> This bill, prior to licensure by the Commissioner of Corporations, would require an applicant for an escrow agent license to apply for a certificate from the corporation for each proposed shareholder, officer, director, trustee, manager, or employee who is to be compensated by the licensee, and would authorize the Commissioner to refuse to issue a license to an applicant that has failed to comply with the corporation's membership requirements. The bill would revise the application requirements for membership in, and certification by, the corporation. The bill would revise the annual assessment the corporation bills and collects from its members.</p> <p><a href="http://www.leginfo.ca.gov/pubbill/asm/ab_0451-0500/ab_479_bill_20030917_c/haptered.pdf">http://www.leginfo.ca.gov/pubbill/asm/ab_0451-0500/ab_479_bill_20030917_c/haptered.pdf</a></p>
<p>AB 1031 (Correa) Chapter 473</p>	<p><b>Investment Advisors.</b> Existing law provides for the licensing of agents and broker-dealers and the registration of investment advisers and investment adviser representatives by the Department of Corporations subject to certain exceptions. Existing law authorizes the Commissioner of Corporations to take disciplinary action against the certificate of a broker-dealer or an investment adviser for violation of certain provisions relating to securities, investment, commodities, and franchises. This bill would extend this authorized disciplinary action to include other statutes and rules, or similar state or foreign regulatory provisions. The bill would also authorize the Commissioner to review the disciplinary history of an investment adviser representative upon the filing of a notice of employment, association, or transfer, an amendment of that notice, or a termination of employment or association.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1001-1050/ab_1031_bill_2003_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1001-1050/ab_1031_bill_2003_chaptered.pdf</a></p>
<p>SB 237 (Florez) Chapter 151</p>	<p><b>Vehicles: transfer of legal ownership.</b> Existing law provides that it is unlawful for any person to fail or neglect to properly endorse, date, and deliver the certificate of ownership of a vehicle to a transferee who is lawfully entitled to a transfer of vehicle registration. This bill would require a legal owner to mail, transmit, or deliver the certificate of ownership, within 15 business days after receipt of payment in full for the satisfaction of a security interest and specified documents, to a transferee who, due to the satisfaction of a security interest, is entitled to a transfer of legal ownership.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0201-0250/sb_237_bill_20030801_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0201-0250/sb_237_bill_20030801_chaptered.pdf</a></p>

### *Financial Institutions & Financial Services (continued)*

SB 1022 (Perrata) Chapter 259	<p><b>Debt collectors.</b> This bill would require 3rd party debt collectors to provide notice to debtors, with the first written notice sent to the debtor in connection with the collection of a debt, that sets forth the debtor's rights, as specified, under the Federal Fair Debt Collection Practices Act. A debt collector who fails to provide that notice would be liable for damages and a civil penalty, as specified.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_1001-1050/sb_1022_bill_20030902_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_1001-1050/sb_1022_bill_20030902_chaptered.pdf</a></p>
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### *Real Estate Lending*

AB 313 (Dutra) Chapter 554	<p><b>Mortgage Lending.</b> (1) Existing law provides that a borrower under a note secured by a mortgage or deed of trust on one to four residential units is not required to pay interest on a principal obligation for more than one day prior to recording of the mortgage or deed of trust. This bill would instead provide that a borrower under these circumstances would not be required to pay interest for more than one day prior to the date that the loan proceeds are disbursed out of escrow or disbursed to the borrower or to another party on behalf of the borrower. The bill would make other conforming changes.</p> <p>(2) The California Residential Mortgage Lending Act provides for licensing and regulation of residential mortgage lenders by the Commissioner of Corporations. These provisions will be repealed on June 30, 2005. This bill would delete the repeal provision, thereby extending the act indefinitely.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0301-0350/ab_313_bill_20030929_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0301-0350/ab_313_bill_20030929_chaptered.pdf</a></p>
AB 679 (Chavez) Chapter 901	<p><b>Real estate.</b> This bill clarifies the applicability of the multi-lender law to transactions involving notes secured by more than one parcel of property. This bill requires that, for each parcel of real property securing the specified notes or interests, each purchaser must receive a written statement or appraisal. This bill requires that if a note or interest will be secured by more than one parcel of real property, for the purpose of determining the maximum amount of the note or interest, each property shall be assigned a portion of the note or interest which will not exceed the percentage of current market value as established by the multi-lender law.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0651-0700/ab_679_bill_20031012_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0651-0700/ab_679_bill_20031012_chaptered.pdf</a></p>

### *Real Estate Lending (Continued)*

AB 728 (Leno) Chapter 434	<p><b>Real estate: subdivisions.</b> Existing law provides for the regulation of real estate transactions, including subdivided lands transactions and defines "subdivided lands" and "subdivision" for these purposes with the exception of undivided interests that meet specified conditions. Existing law also defines "subdivided lands" and "subdivision" to include, among other things, any condominium project containing 5 or more condominiums, as defined, and authorizes the Real Estate Commissioner to issue a conditional public report when "subdivided" lands or a "subdivision" are offered for sale to the public and specified requirements are met. This bill would make a clarifying change to these provisions and would extend the term of a conditional public report for attached residential condominium units, as defined, to 30 months and a renewal to one additional term of 6 months.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0701-0750/ab_728_bill_20030922_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0701-0750/ab_728_bill_20030922_chaptered.pdf</a></p>
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### *Privacy*

AB 68 (Simitian) Chapter 829	<p><b>Online Privacy Protection Act of 2003.</b> This bill would require an operator, defined as a person or entity that collects personally identifiable information from California residents through an Internet Web site or online service for commercial purposes, to conspicuously post its privacy policy on its Web site or online service and to comply with that policy. The bill, among other things, would require that the privacy policy identify the categories of personally identifiable information that the operator collects about individual consumers who use or visit its Web site or online service and 3<sup>rd</sup> parties with whom the operator may share information.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0051-0100/ab_68_bill_20031012_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0051-0100/ab_68_bill_20031012_chaptered.pdf</a></p>
AB 763 (Liu) Chapter 532	<p><b>Privacy: social security numbers.</b> This bill would prohibit a social security number, or any part of that number, that is otherwise permitted to be mailed from being printed on a postcard or visible on the envelope or without the envelope having been opened.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_0751-0800/ab_763_bill_20030925_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_0751-0800/ab_763_bill_20030925_chaptered.pdf</a></p>
AB 1105 (Jackson) Chapter 73	<p><b>Identity theft: limitations period.</b> This bill would add the crimes involving the unlawful use of personal identifying information and the crime of procuring or offering a false or forged instrument record to the list of those offenses for which the limitations period does not begin to run until discovery of the offense.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1101-1150/ab_1105_bill_20030721_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1101-1150/ab_1105_bill_20030721_chaptered.pdf</a></p>

***Privacy (Continued)***

AB 1772 (Committee on Banking and Finance) Chapter 90	<p><b>Identity theft.</b> Existing law provides that if a person discovers that an unauthorized person has applied for certain services or opened certain accounts, the person is entitled to receive the identifying information that was used by the unauthorized person to apply for or open the account or service record of transactions and charges associated with the account or service upon presentation of a copy of a police report and identifying information. This bill would add applications and accounts regarding mail receiving or forwarding services and office or desk space rental services to the applications and accounts covered by these provisions.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1772_bill_20030722_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1772_bill_20030722_chaptered.pdf</a></p>
AB 1773 (Committee on Banking and Finance) Chapter 137	<p><b>Identity theft.</b> This bill would provide that, in addition to any other circumstances permitting a magistrate to issue a warrant for a person or property in another county, when the property or things to be seized consist of any item or constitute any evidence that tends to show a violation of specified identity theft crimes, a magistrate may issue a warrant to search a person or property located in another county if the person whose identifying information was taken or used resides in that other county.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1773_bill_20030730_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1751-1800/ab_1773_bill_20030730_chaptered.pdf</a></p>
SB 1 (Speier) Chapter 241	<p><b>Financial institutions: nonpublic personal information.</b> Among other things, this bill would allow a consumer to direct their financial institution to not share their nonpublic personal information with affiliated companies or with nonaffiliated financial companies with which the financial institution has contracted to provide financial products and services. The bill would require the permission of the consumer before the financial institution could share the nonpublic personal information with other nonaffiliated companies. This bill is effective July 1, 2004.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_1_bill_20030828_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_1_bill_20030828_chaptered.pdf</a></p>

**Privacy (Continued)**

<p>SB 25 (Bowen) Chapter 907</p>	<p><b>Personal information: security.</b> This bill would provide that any person who uses a consumer credit report in connection with the approval of credit may not lend money, extend credit, or complete the purchase, lease, or rental of goods or noncredit related services without taking reasonable steps to verify the consumer's identity. The bill would also specify that if a consumer has placed a statement with a security alert in their file requesting that identity be verified by calling a specified telephone number, any person who receives that statement with the security alert in a consumer's file must take reasonable steps to verify their identity by contacting the consumer prior to lending money, extending credit, or completing the purchase, lease, or rental of goods or noncredit related services, with certain exceptions. This bill would also revise the disclosures that a consumer credit reporting agency is required to give a consumer.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_25_bill_20031012_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_25_bill_20031012_chaptered.pdf</a></p>
<p>SB 27 (Figueroa) Chapter 505</p>	<p><b>Personal Information: disclosure to direct marketers.</b> This bill would, subject to specified exceptions, require a business that discloses a customer's personal information, including information relating to income or purchases, to a third party for direct marketing purposes to provide the customer, within 30 days after the customer's request, as specified, in writing or by e-mail the names and addresses of the recipients of that information and specified details regarding the information disclosed, except as specified. The bill would also require businesses required to comply with the bill to provide information to customers regarding its privacy policy and the designated means of making an inquiry regarding that policy.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_27_bill_20030925_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_27_bill_20030925_chaptered.pdf</a></p>
<p>SB 33 (Figueroa) Chapter 779</p>	<p><b>Telephone solicitations.</b> Existing law requires the Attorney General, not later than January 1, 2003, to maintain a "do not call" list, containing the telephone numbers and ZIP Codes of residential or wireless telephone subscribers who do not wish to receive unsolicited and unwanted telephone calls from telephone solicitors. This bill would require telephone solicitors to comply with all state and federal laws regarding telephone solicitations. The bill would make it a crime to deny or interfere with a subscriber's right to place a California telephone number on the "do not call" list. The bill would delete the civil penalty fine amounts and would instead require these amounts to be the same as those imposed by the Federal Trade Commission.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_33_bill_20031011_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0001-0050/sb_33_bill_20031011_chaptered.pdf</a></p>

***Privacy (Continued)***

SB 602 (Figueroa) Chapter 533	<p><b>Personal information.</b> This bill would provide for a penalty in an amount up to \$2,500 and reasonable attorneys' fees for a failure of a consumer credit reporting agency to place a security alert as specified by the Consumer Credit Reporting Agencies Act. The bill would also require a consumer credit reporting agency to provide additional notice to the consumer regarding the expiration date of that security alert, as specified.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0601-0650/sb_602_bill_20030925_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0601-0650/sb_602_bill_20030925_chaptered.pdf</a></p>
SB 684 (Alpert) Chapter 534	<p><b>Identity Theft: application.</b> Existing law provides that a person, upon discovering that in the person's name an unauthorized individual has made an application for certain services or has opened certain accounts, is entitled to receive the identifying information that was used by the unauthorized individual to apply for any service or open any account, upon the presentation of a copy of the police report and identifying information. This bill would add applications and accounts regarding mail receiving or forwarding services and office or desk space rental services to the applications and accounts covered by these provisions. This bill would define "application" to mean a new application for credit or service, the addition of authorized users to an existing account, the renewal of an existing account, or any other changes made to an existing account.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0651-0700/sb_684_bill_20030925_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0651-0700/sb_684_bill_20030925_chaptered.pdf</a></p>
AB 1294 (Wiggins) Chapter 287	<p><b>Debt Collectors: responsibilities: identity theft.</b> This bill would require a debt collector to stop collecting a consumer debt when an alleged debtor provides the debt collector certain information, including, but not limited to, information relating to the alleged debtor's status as a victim of identity theft. The bill would permit the debt collector to recommence collection activities only upon a review of certain information and upon making a good faith determination, as specified, that the information provided by the debtor does not establish that the debtor is not responsible for the debt. The bill would also require debt collectors to notify consumer credit reporting agencies and creditors of specified information.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/asm/ab_1251-1300/ab_1294_bill_20030904_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/asm/ab_1251-1300/ab_1294_bill_20030904_chaptered.pdf</a></p>



## ***Taxation***

<p>SB 103 (Alpert) Chapter 655</p>	<p><b>Sales and use taxes.</b> The existing Corporation Tax Law generally conforms with the federal income tax treatment of regulated investment companies (RIC) that allow a RIC to pass ordinary income on to the shareholders without incurring any tax liability to the RIC. This bill would clarify that dividends received by a California corporate shareholder from a RIC are generally not excludable from the income of that corporate shareholder.</p> <p><a href="http://www.leginfo.ca.gov/pub/bill/sen/sb_0101-0150/sb_103_bill_20031002_chaptered.pdf">http://www.leginfo.ca.gov/pub/bill/sen/sb_0101-0150/sb_103_bill_20031002_chaptered.pdf</a></p>
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